

FEDERAL BUREAU OF INVESTIGATION
FOI/PA
DELETED PAGE INFORMATION SHEET
FOI/PA# 1216574-0

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Date: 6/10/76

Transmit the following in _____
(Type in plaintext or code)Via AIRTEL _____
(Precedence)

TO: DIRECTOR, FBI

FROM: SAC, ALBUQUERQUE (46-1360) (P)

SUBJECT: EXTENSIVE FRAUD
NAVAJO NATION
 FAG; CGR; BF&E
 OO: ALBUQUERQUE

On 4/29/76, 5/25/76, and 6/9/76, Agents have met with _____
 Albuquerque, who represent certain Navajo interests and
 obtained the following information:

_____ believes through his independent investigation into activities of several individuals that a large Navajo Tribal entity, Navajo Housing Development Enterprises, which was funded entirely with federal grants, and/or tribal funds, was looted of equipment and funds amounting to several million dollars since 1973. _____ also explained how a Bureau of Indian Affairs (BIA) official working with the Navajo Nation had obtained a large (\$125,000) BIA grant to fund one of the industries on the reservation without the knowledge of the persons allegedly receiving the grant.

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N.M. _____ began by describing how a private firm, Eastern Navajo Industries, Inc., was incorporated to do business on the Navajo Reservation at Church Rock, New Mexico, on 1/20/71, to construct housing on the Navajo Reservation. Principal incorporators were _____ and ROBERT TAYLOR (deceased). Eastern Navajo Industries, Inc. (ENII) had as a wholly owned subsidiary Navajo Trailers, Inc., which constructed horse trailers. The capitalization to form the corporations was from large BIA grants arranged for by BIA employee _____

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(2)-Bureau (RAM)
 2-Albuquerque
 _____sgj
 (4)

REC-114

DE-6

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Approved: _____ Sent _____ M Per _____
Special Agent in Charge

55 JUL 12 1976

who arranged the grants for approximately 50 Navajo Indians to purchase 51% stock of ENII. The remaining 49% of stock was in the name of [] and TAYLOR. According to [] the Indians whose names the grants were in, and to whom the stock was to be issued, were unaware of the grants or stock. The Indians never received any stock they were allegedly purchasing. After incorporation, [] began borrowing heavily from [] First State Bank, Gallup, New Mexico, and incurred approximately \$750,000 debt to the bank. Approximately 1974 ENII went out of business, but the subsidiary, Navajo Trailers, Inc., continued on as a profit making business, run by []

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An association of [] a non-Indian, had worked into a position of favor with [] and was appointed as [] for the entire Navajo Nation. On 1/20/72, he established a tribal entity by a tribal council resolution, CJA-6-72, called Navajo Housing Development Enterprises (NHDE), which took over the job of overseeing and planning all housing construction and rental properties of the entire Navajo Nation. NHDE served almost the same purpose as another tribal entity, Navajo Housing Authority (NHA), which obtained large Federal grants, and contracted out housing construction for the tribe. Under the new system, NHA would either obtain Federal grants for construction, and pass them to NHDE for construction, or NHDE would obtain the federal grants directly. [] set himself up [] of NHDE. NHDE entered the housing construction for the tribe under the suggestion, and guidance of [] allegedly to generate capital for the tribe. NHDE entered into a contract on 8/22/73 with [] dba Hogan Development, Inc. At that point, NHDE was split into two factions, with a management segment and a construction segment, which was Hogan Development, Inc. Hogan Development, Inc. was to be the primary constructing entity for NHDE, and the contract was entered into by []. Incorporation papers reveal, however, that Hogan Development, Inc. was not even in existence at the time of the contract with [] and did not come into existence until 9/6/73, and that [] withheld telling his Board of Directors of his entering into a contract with Hogan Development, Inc. until about 6 months after the contract was signed. [] and [] associated with [] and while on full salary to NHDE ran two other construction DNH Developers and Davidson Construction Company.

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AQ 46-1360

[] stated he has determined that [] ET AL have purchased a King Air airplane and have been charging labor and material costs of construction off the reservation (Oklahoma, Colorado, and Gallup, New Mexico), to NHDE as well as airplane costs. [] pointed out that NHDE is totally funded by tribal funds and/or federal grants for housing construction of Navajo tribal housing only.

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In 1974 when ENII ceased to do business, \$400,000 of the \$750,000 indebtedness to the First State Bank of Gallup was assumed by [] as a debt of NHDE. The remaining \$350,000 was assumed by Navajo Trailers, Inc. [] noted NHDE is a tribal entity and ENII is a private corporation.

[] pointed out that at the end of 1975 [] was fired from the tribe, and was immediately employed by [] and [] of Hogan Development Company. It was further noted that [] told [] he was just a "country boy" and did not keep records of how he spent the federal/tribal construction funds. [] stated he has had some indications of possibly fictitious construction payrolls, inventory controls that are suspiciously lacking, particularly in view of their other construction companies. [] also noted that NHDE had an inventory of large construction equipment, which [] moved from NHDE lot when [] with NHDE. The equipment was moved by [] to Church Rock, New Mexico onto the property controlled by [] stated records of the equipment inventory have been unavailable, and there is much question as to equipment missing.

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[] stated he has uncovered information which shows large personal cash outflow for [] and [] stated he has been told of [] having purchased private airplanes, boat, and extravagant living. [] has come across information which indicates strange loan relationships between the above individuals and [] Bank of New Mexico, Albuquerque.

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For additional information, [] [] have been suspects and/or subjects of FBI and Federal Grand Jury investigations in the past. Past experience has indicated [] is ruthless and capable of violence, and has been suspected of arson. [] ROBERT

AQ 46-1360

TAYLOR died in an airplane crash of suspicious origins. The above matter appears related closely to an extensive fraud investigation being handled by Albuquerque and Phoenix Divisions involving a \$14,000,000 diversion of tribal funds by [redacted] [redacted] a high official of the Navajo Tribe.

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On 5/25/76, and 6/10/76, U.S. Attorney VICTOR R. ORTEGA was contacted re the above matter, and stated he felt possible violations of Title 18, USC, Section 1163 - Embezzlement or Theft From Indian Tribal Organizations, or violations of FAG and BF&E statutes appear present. He stated he would be interested in prosecution if the violations could be proven.

U.S. Attorney intends to obtain subpoenas for corporate records of several corporations involved at special grand jury meeting end of 6/76. Records will be returnable early 7/76, and major accounting investigation will be undertaken at that time.

UNITED STATES GOVERNMENT

Memorandum

TO : DIRECTOR, FBI (46-70206)

DATE: 10/21/76

FROM : SAC, ALBUQUERQUE (46-1360) P

SUBJECT: CHANGED

Navajo Housing and Development Enterprises
Churchrock, New Mexico - VICTIM
FAG; CGR; BF&E
OO: AQ

Title marked CHANGED to reflect addition of names of subjects and victim. Title formerly carried as "Extensive Fraud Navajo Nation".

Re Albuquerque airtel to the Bureau, 6/10/76.

Enclosed for the Bureau is original and three copies of an LHM.

The enclosed LHM is being sent in lieu of a report at this time. For information, victim, a tribal entity of the Navajo Nation, has been attempting to put their internal affairs in order and have contracted for an extensive special fraud audit by a national CPA firm. The records of the entity are in complete chaos and Albuquerque is awaiting the outcome of the audit and the CPA firm to reconstruct records. The CPA firm has been briefed on FBI interests, and has pledged its support of keeping the FBI advised of any fraudulent tampering of records if and when it is discovered.

It was felt after preliminary interviews and observation, that the FBI's best interests would best be served if no detailed investigation were conducted until the audit was complete. The audit was begun mid-October, 1976, and is expected to take some time to complete.

An allegation was received concerning heavy equipment acquired from Government surplus destined for the victim institution was missing. These allegations are being checked out to determine if the equipment was in fact Government equipment, and upon determination of the equipment status, investigation will proceed regardless of the status of the audit.

2 - Bureau (Enc.-4) (RAM)
3 - Albuquerque

11/15/81
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Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan

AQ 46-1360

When the investigation is sufficiently initiated to warrant detailed record reviews and interviews, reports will be submitted.

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construct his personal residence in Gallup, New Mexico. However, [] submitted to NHDE upon termination of his employment a check for over \$30,000, allegedly as reimbursement for labor and materials used.

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Currently in progress is an extensive fraud audit by a national CPA firm, Touche, Ross and Company, to reconstruct the records of NHDE, and determine what, if any, misuse of labor and materials occurred. The CPA firm is maintaining contact with the FBI and will advise immediately if and when fraud is suspected.

Investigative leads have been submitted to determine what equipment was submitted to NHDE by the Federal Government, and what the accountability is. Upon receipt of the information on the equipment and the outcome of the fraud audit, detailed investigation can begin.

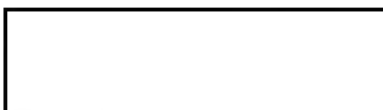


UNITED STATES DEPARTMENT OF JUSTICE

FEDERAL BUREAU OF INVESTIGATION

In Reply, Please Refer to
File No.

Albuquerque, New Mexico
October 21, 1976



Navajo Housing and Development Enterprises
Churchrock, New Mexico - VICTIM
FRAUD AGAINST THE GOVERNMENT;
CRIME ON A GOVERNMENT RESERVATION;
BANK FRAUD AND EMBEZZLEMENT

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Investigation was begun in this matter after receipt of allegations pertaining to alleged fraud perpetrated by [redacted] all non-Indians, against a Navajo Tribal entity, Navajo Housing and Development Enterprises (NHDE). NHDE had been set up by the Navajo Tribe to oversee the construction of houses on the Navajo Reservation, and to administer to rental housing owned by the Navajo tribe. [redacted] an associate of tribal chairman [redacted] was placed in charge of NHDE, who in turn brought into management [redacted] who had interests in private construction companies. NHDE in turn bought a construction plant and buildings from a close associate of [redacted]

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Allegations have been narrowed to the following:

1. Alleged taking of building materials, from NHDE for use by [redacted] and [redacted] in private building ventures, including [redacted] personal residence.
2. Use of NHDE Indian labor, charging it to NHDE projects sponsored by various U. S. Government agencies, for purposes of private construction ventures by [redacted] and [redacted], including [redacted] personal residence.
3. The taking of Government accountable equipment destined for NHDE by [redacted]. The equipment includes heavy cranes, generators, and other construction equipment.

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Preliminary interviews have substantiated that labor and materials (almost all non-identifiable) were used by [redacted] to

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ENCLOSURE



THE NAVAJO NATION

WINDOW ROCK, ARIZONA 86515

PETER MacDONALD
Chairman, Navajo Tribal Council

WILSON C. SKEET
Vice Chairman, Navajo Tribal Council

13 January 1977

Mr. Clarence M. Kelley
Federal Bureau of Investigation
United States Department of Justice
Washington, D.C. 20535

COTSIDE SOURCE

Dear Mr. Kelley:

On behalf of myself and the entire staff, I extend my deepest appreciation for your letter acknowledging our efforts during the recent Navajo investigations.

Yours truly,

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EX-115

REC- 13

DE-43

JAN 18 1977

COE

CONFIDENTIAL

1/31/80

To: SAC, ALBUQUERQUE (46-1360)

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From: DIRECTOR, FBI (46-70206)

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ET AL
FAG; CGR; BF&E
OO: ALBUQUERQUE

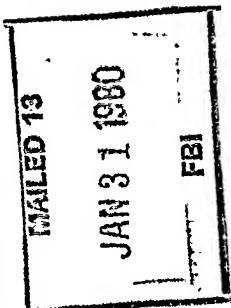
Reurlet, 10/21/76.

Bufile fails to reflect receipt of anything
from AQ since relet.

Please submit airtel FBIHQ by 2/8/80 advising
of status and identifying any communications submitted
to FBIHQ since relet.

GHK:rit
(4) *rit*

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46-70206-4

Assoc. Dir. _____
Dep. AD Adm. _____
Dep. AD Inv. _____
Asst. Dir.: _____
Adm. Servs. _____
Crim. Inv. _____
Ident. _____
Intell. _____
Laboratory _____
Legal Coun. _____
Plan. & Insp. _____
Rec. Mgnt. _____
Tech. Servs. _____
Training _____
Public Affs. Off. _____
Telephone Rm. _____
Director's Sec'y _____

MAIL ROOM ☒

FBI/DOJ

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☐ AIRTEL

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ ~~TOP SECRET~~
☐ ~~SECRET~~
☐ ~~CONFIDENTIAL~~
☐ ~~UNCLAS E F T O~~
☐ ~~UNCLAS~~

Date 2/11/80

TO: DIRECTOR, FBI
FROM: SAC, ALBUQUERQUE (46-1360)
SUBJECT:
ET AL
FAG; CCR; BF&E (B)
OO: ALBUQUERQUE

-C-

Re: Bureau airtel to Albuquerque, 1/31/80.

Case closed on declination of USA 10/30/78.

②-Bureau
1-Albuquerque
ATB/pas
(2)

44-70206-5

6 FEB 14 1980

2-OROM
1-IntApproved: 59 MAR 21 1980Transmitted _____
(Number) (Time)

Per _____

FEDERAL GOVERNMENT

November 25, 1981

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Born: [REDACTED]

In response to your name check request the central files of the FBI reveal that [REDACTED] was one of the subjects of a criminal-type investigation conducted by this Bureau in June, 1976. Attached is one copy of a memorandum which sets forth the results of this investigation.

Our files reveal that this investigation was closed when prosecution was declined by the United States Attorney, Albuquerque, New Mexico on October 30, 1978.

46-70206

1 - [REDACTED]
1 - [REDACTED]

Original & 1 to OPM/USGS
Requested Received 11/10/81

JLR:bd bcl
(5) *JK*

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Exec AD Adm. _____
Exec AD Inv. _____
Exec AD LES _____
Asst. Dir.:
Adm. Servs. _____
Crim. Inv. _____
Ident. _____
Intell. _____
Laboratory _____
Legal Coun. _____
Plan. & Insp. _____
Rec. Mgnt. _____
Tech. Servs. _____
Training _____
Off. of Cong. & Public Affs. _____
Telephone Rm. _____
Director's Sec'y _____

MAIL ROOM ☐

7 D/H/Jan 4/6-702-6

Returned 11/10/81

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FBI/DOJ

4-22b (11-17-59)

SEARCH SLIP

Subj: [REDACTED]

R# 4/10 Date 11/12 Searcher Number 417

Prod: 1

FILE NUMBER

SERIAL

NR NOV 13 1981

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NOV 17 1981

FBI/DOJ

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